



Adelaide Resources Limited

69 King William Road Unley SA 5061 * PO Box 1210 Unley BC SA 5061



ADELAIDE RESOURCES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

ACN 061 503 375

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Adelaide Resources Limited will be held in the Boulevard Room of the Stamford Plaza, 150 North Terrace, Adelaide, South Australia on **Tuesday 27 November 2012** commencing at **11.00 am** (Adelaide time CST).

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Business

Financial Report

To receive and consider the Company's financial statements and independent audit report for the year ended 30 June 2012.

The 2012 Annual Report will be available to view online at www.adelaideresources.com.au and despatched to those Shareholders who have elected to receive a hard copy of the report.

Resolution 1 - Adoption of the Remuneration Report for the year ended 30 June 2012

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That, for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report for the period ended 30 June 2012 as set out in the Directors' Report in the 2012 Annual Report.

Voting Exclusion Statement

The Company will disregard any votes cast (in any capacity) on Resolution 1 by any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the proxy form expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 - Re-election of Mr John den Dryver as a Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Mr John den Dryver, having retired by rotation in accordance with ASX Listing Rule 14.4 and clause 6.1 of the Company's Constitution and being eligible and having offered himself for re-election, is re-elected as a Director of the Company with immediate effect.

Resolution 3 - Approval of issue of securities to Mr Christopher Drown

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That the grant of 1,500,000 Performance Rights to acquire fully paid ordinary shares in the capital of the Company and the issue of Shares on vesting of the Performance Rights to Mr Christopher Drown, in accordance with the Employee Performance Rights Plan and on the terms summarised in the Memorandum accompanying this Notice of Meeting, is approved for all purposes including ASX Listing Rule 10.14.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by Christopher Drown or any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or

- (b) it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 3 if:

- (a) the person is either:
- a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the Company will not disregard a vote if:

- the person is the Chair of the meeting at which the resolution is to be voted on; and
- the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

Special Business

Resolution 4 - Approval of 10% Placement Facility

To consider, and if thought fit, pass the following resolution as a special resolution:

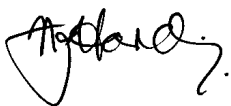
That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders authorise the Company to have the additional capacity to issue Equity Securities comprising up to 10% of the issued capital of the Company under Listing Rule 7.1A calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- (b) it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board



N J Harding

Company Secretary

Dated this 16th Day of October 2012

Voting Entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001, made pursuant to Section 1074E(2)(g) of the Corporations Act 2001, the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the share register on Sunday 25 November 2012 at 7pm (Sydney time).

Proxies

A Shareholder entitled to attend and vote at the meeting has the right to appoint a proxy, who need not be a Shareholder of the Company. If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. The Proxy form must be deposited at the share registry of the Company, Computershare Investor Services Pty Limited, located at GPO Box 242, Melbourne VIC 3001, or at the Company's registered office, 69 King William Road, Unley, SA 5061, or by facsimile to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) or to the Company on 61 8 8132 0199, or by casting a vote online by visiting www.investorvote.com.au and by entering the Control Number, SRN/HIN and postcode, which are shown on the first page of the enclosed Proxy Form not later than 48 hours before the commencement of the meeting. For Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions, which must be submitted by not later than 48 hours before the commencement of the meeting.

Corporate Representative

A corporation that is a Shareholder or a proxy may elect to appoint a person to act as its corporate representative at the meeting, in which case the corporate Shareholder or proxy (as applicable) must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's or proxy's (as applicable) corporate representative. The authority must be sent to the Company and/or the Company's Share Registry (detailed above) in advance of the meeting or handed in at the meeting when registering as a corporate representative.

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist Shareholders in consideration of resolutions proposed for the Annual General Meeting of the Company to be held in the Boulevard Room of the Stamford Plaza, 150 North Terrace, Adelaide, South Australia on Tuesday 27 November 2012 commencing at 11 am (Adelaide time CST).

It should be read in conjunction with the accompanying Notice of Annual General Meeting.

Resolution 1 - Adoption of the Remuneration Report for the year ended 30 June 2012

In accordance with Section 250R(2) of the Corporations Act, Shareholders are required to vote on the Company's Remuneration Report for the year ended 30 June 2012.

The Remuneration Report is contained in the Directors' Report in the 2012 Annual Report, which will be available to view online at the Company's website www.adelaideresources.com.au and despatched to those Shareholders who have elected to receive a hard copy of the report.

The Remuneration Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and senior executives for the year ended 30 June 2012.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote at the annual general meeting of the Company. Members should note that the vote on Resolution 1 is not binding on the Company or the Directors.

Since 1 July 2011, if more than 25% of the votes cast on a resolution to adopt the Remuneration Report are against the adoption of the Remuneration Report for two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution ("Spill Resolution") that another meeting be held within 90 days, at which all of the Company's Directors must go up for re-election.

At the 2011 AGM, the Company's Remuneration Report for the year ended 30 June 2011 did not receive a 'no' vote of 25% or more.

The Directors recommend Shareholders vote in favour of Resolution 1. The Chairman intends to vote undirected proxies in favour of Resolution 1.

Important information for Shareholders:

Please note, in accordance with sections 250R(4) and (5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to Resolution 1 unless the Shareholder expressly authorizes the Chair to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorize the Chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chair.

Alternatively, if you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

As a further alternative, Shareholders can nominate as their proxy for the purposes of Resolution 1, a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies (subject to the Listing Rules).

Resolution 2 – Re-election of Mr John den Dryver as a Director

In accordance with Listing Rule 14.4 and clause 6.1 of the Company's Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. This rule does not apply to the Managing Director.

The Directors presently in office are Mr Andrew Brown, Mr Christopher Drown, Mr John Horan, Mr John den Dryver and Mr Michael Hatcher.

Mr den Dryver has been longest in office since his last re-appointment and will retire by rotation at the Annual General Meeting. Mr den Dryver is eligible for, and has offered himself for, re-election.

The resume of Mr den Dryver is as follows:-

Mr John den Dryver *BE (Mining), MSc, FAusIMM (Non-Executive Director)*

John den Dryver is a mining engineer with some 30 years experience in operational and corporate management as well as extensive experience in mining project studies and implementation. In 1982, Mr den Dryver joined the junior explorer North Flinders Mines Limited as the company's mining engineer to become part of a small team that discovered the Granites gold mine in the Tanami Desert in the Northern Territory. He was Executive Director of North Flinders from 1988 to 1997.

In 1997, after Normandy Mining Limited gained control of North Flinders, Mr den Dryver joined Normandy as Executive General Manager – technical, leading a team of specialist geologists, mining engineers and metallurgists. In 2003 he set up his own mining consultancy business and is currently a Non-Executive Director of Helix Resources Limited, Gascoyne Resources Limited and Centrex Metals Limited.

An assessment of the performance of Mr den Dryver has been conducted in the context of his skills, experience, knowledge and understanding of the Company's business. The Directors (other than Mr den Dryver) recommend Shareholders vote in favour of Resolution 2. The Chairman intends to vote undirected proxies in favour of Resolution 2.

Resolution 3 – Approval of issue of securities to Mr Christopher Drown

The Company's remuneration policy is to ensure that remuneration is competitive in attracting, motivating and retaining employees of high calibre and properly reflects the duties and responsibilities of each relevant employee.

The remuneration structure used by the Company to achieve these objectives includes the combination of fixed annual remuneration and performance related remuneration (including participation in the Performance Rights Plan, which is offered to employees who are able to influence the generation of shareholder wealth and therefore have a direct impact on the Company's performance).

At the 2010 Annual General Meeting, Shareholders approved a Performance Rights Plan for the grant of Performance Rights to executives of the Company as part of the executive remuneration structure including the issue of 2,000,000 Performance Rights to Mr Christopher Drown.

To achieve the objectives of sustainable performance, 1,500,000 Performance Rights will vest, and the underlying Shares in the capital of the Company will be issued to Mr Drown, subject to Shareholders approving Resolution 3, on the achievement of all of the following KPI's by 30 September 2014:

- a) the Company's Share price outperforms the S&P/ASX Small Resources Index (in capital not accumulation terms); and
- b) the enterprise value growth from the base date (November 2012) exceeds the S&P/ASX Small Resources Index growth; and
- c) the enterprise value growth having a conversion of over 100% of total spend on exploration and administration. That is, every \$1.00 spent on exploration and administration results in an increase of more than \$1.00 in enterprise value.

The grant of the Performance Rights and the issue of Shares on the vesting of the Performance Rights are subject to Shareholders approving Resolution 3. Subject to receipt of Shareholder approval, the Board intends to grant the Performance Rights at the first Board meeting following the Annual General Meeting.

ASX Listing Rule 10.14 requires that an entity must not permit a Director or an associate of a Director to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition.

The following information is provided to Shareholders for the purposes of Listing Rule 10.15A:

- a) upon vesting of the Performance Rights, the underlying Shares will be issued to Mr Drown or an Associate of Mr Drown nominated by him;
- b) the maximum number of Shares to be issued to Mr Drown upon vesting of the Performance Rights is 1,500,000;
- c) the Performance Rights will be granted for no cash consideration and the Shares to be issued upon vesting of the Performance Rights will be issued for non cash consideration;
- d) Mr Drown was granted 2,000,000 Performance Rights under the Performance Rights Plan approved by Shareholders at the 2010 Annual General Meeting. Of the 2,000,000 Performance Rights granted in 2010, 666,666 have or will vest with a further 333,334 due to vest if Mr Drown remains with the Company until 5 November 2013. The other 1,000,000 Performance Rights will not vest as the criteria for vesting will not have been met. The Performance Rights were granted to Mr Drown for no cash consideration and the Shares issued upon vesting of the Performance Rights were issued for no cash consideration. Other than Mr Drown, no person referred to in Listing Rule 10.14 has received any Performance Rights under the Plan to date;
- e) the persons referred to in Listing Rule 10.14 entitled to participate in the Performance rights Plan are Mr Christopher Drown;
- f) there is no loan applicable to the grant of the Performance Rights or the issue of the Shares upon vesting of the Performance Rights;
- g) details of any securities issued under the Performance Rights Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14;
- h) any additional persons specified in Listing Rule 10.14 who become entitled to participate in the Plan after Resolution 3 is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14;
- i) the Shares to be issued upon the vesting of the Performance Rights will be issued not later than 3 years after the date of this meeting; and
- j) a voting exclusion statement has been included in the Notice of the Annual General Meeting.

The Directors (other than Mr Drown) recommend that Shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

Resolution 4 - Approval of 10% Placement Facility

Background to Resolution 4

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company's market capitalisation as at 16 October 2012 was \$7.04 million (163,791,156 issued shares at \$0.043 closing price per share). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of ASX Listing Rule 7.1A.

The Company is now seeking shareholder approval by way of a Special Resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2. It is the Company's intention that funds received under the 10% Placement Facility will be used to further explore its projects at Moonta and the Eyre Peninsula in South Australia and at Rover in the Northern Territory. Funds raised under the 10% Placement Facility may also be used to supplement the Company's working capital requirements and undertake further transactions to acquire new assets or investments should the Directors determine this to be in the best interests of the Company.

Description of Listing Rule 7.1A

a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice, has on issue three classes of Equity Securities being Listed Shares, Unlisted Options and Performance Rights.

c) *Formula for calculating 10% Placement Facility*

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- 1) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- 2) plus the number of partly paid shares that became fully paid in the 12 months;
- 3) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- 4) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 163,791,156 Shares and therefore has a capacity to issue:

- 1) 24,568,673 Equity Securities under Listing Rule 7.1; and
- 2) subject to Shareholder approval being obtained under Resolution 4, 16,379,115 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as consideration for the acquisition of a new asset, in which case the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- 1) the date that is 12 months after the Annual General Meeting at which the approval is obtained; or
- 2) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's placement capacity under Listing Rule 7.1.

Resolution 4 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.
- b) if Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
 - 1) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting;
 - 2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date; and
 - 3) the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice. The table also shows:

- 1) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or script issued under a takeover) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- 2) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0215 50% decrease in issue price	\$0.043 Issue price	\$0.086 100% increase in issue price
Current Variable A 163,791,156 Shares	10% voting dilution	16,379,115 Shares	16,379,115 Shares	16,379,115 Shares
	Funds raised	\$352,151	\$704,302	\$1,408,604
50% increase in current Variable A 245,686,734 Shares	10% voting dilution	24,568,673 Shares	24,568,673 Shares	24,568,673 Shares
	Funds raised	\$528,226	\$1,056,453	\$2,112,906
100% increase in current Variable A 327,582,312 Shares	10% voting dilution	32,758,231 Shares	32,758,231 Shares	32,758,231 Shares
	Funds raised	\$704,302	\$1,408,604	\$2,817,208

The table has been prepared on the following assumptions:

- i. the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
 - ii. no Unlisted Options (including any Unlisted Options issued under the 10% Placement Facility) or Performance Rights are exercised into Shares before the date of the issue of the Equity Securities;
 - iii. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
 - iv. the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the meeting;
 - v. the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well;
 - vi. the issue of Equity Securities under the 10% Placement Facility consists only of Shares;
 - vii. the issue price is \$0.043, being the closing price of the Shares on ASX on 16 October 2012.
- c) the Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- d) the Company may seek to issue the Equity Securities for the following purposes:
- i. non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - ii. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisitions or investments), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A (4) and 3.10.5A upon issue of any Equity Securities.

- e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- i. the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - ii. the effect of the issue of the Equity Securities on the control of the Company;
 - iii. the financial situation and solvency of the Company; and
 - iv. advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company acquires new assets, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets.

If Resolution 4 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Facility during the Placement Period as and when the circumstances of the Company require.

- f) the Company has not previously obtained Shareholder approval under Listing Rule 7.1A and accordingly has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.
- g) a voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Board considers that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the notice of meeting, the Company has no plans to use the Placement Facility should it be approved. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 4. The Chairman intends to vote all undirected proxies in favour of Resolution 4.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following unless the context otherwise requires:

"**ASX**" means ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited (as the context requires);

"**Board**" means the Board of Directors from time to time.

"**Closely Related Party**" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company that the member controls.

"**Company**" means Adelaide Resources Limited (ACN 061 503 375).

"**Constitution**" means the constitution of the Company from time to time.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Directors**" means the directors of the Company from time to time and "**Director**" means any one of them.

"**Equity Securities**" has the meaning given to that term in the Listing Rules.

"**Explanatory Memorandum**" means this explanatory memorandum.

"**Key Management Personnel**" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise).

"**Listing Rules**" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"**Option**" means an option to subscribe for one fully paid ordinary share in the capital of the Company.

"**Related party**" has the meaning given to that term in Section 228 of the Corporations Act.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means a holder of Shares in the Company.

"**Trading Day**" means a day determined by ASX to be a trading day in accordance with the Listing Rules.

"**VWAP**" means Volume Weighted Average Price of the Company's ASX-listed Shares trading under the code ADN.



Adelaide Resources Limited

ABN 75 061 503 375

Lodge your vote:



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By Mail:

Computershare Investor Services Pty Limited
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(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11.00 am (Adelaide time) Sunday 25 November 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Adelaide Resources Limited hereby appoint

☐

the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Adelaide Resources Limited to be held in the Boulevard Room of the Stamford Plaza, 150 North Terrace, Adelaide, South Australia on Tuesday 27 November 2012 commencing at 11.00 am (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1 & 3 (except where I/we have indicated a different voting intention below) even though Items 1 & 3 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1 & 3 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

	For	Against	Abstain
1 Adoption of the Remuneration Report	☐	☐	☐
2 Re-election of Mr John den Dryver as a Director	☐	☐	☐
3 Approval of issue of securities to Mr Christopher Drown	☐	☐	☐

Special Business

4 Approval of 10% Placement Facility	☐	☐	☐
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The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /